

Market Orientation And The Sustainable Growth Of Firms: The Moderating Role Of Access To External Finance: A Study Of Manufacturing Smes In Kpk, Pakistan

Yasir Arafat¹ , Dr. Muhammad Jehangir² , Asfandyar Rahim³ , Sher Nawaz Khan⁴ , Shahid Ali⁵

¹Ph.D Scholar Institute of Business Studies and Leadership Abdul Wali Khan University, Mardan, Pakistan

²Associate Professor Institute of Business Studies and Leadership Abdul Wali Khan University, Mardan, Pakistan

³Lecturer Department of Management Sciences and Commerce Bacha Khan University, Charsadda

⁴Lecturer Department of Tourism and Hospitality Abdul Wali Khan University, Mardan

⁵Ph.D. Scholar, Institute of business studies and Leadership Abdul Wali Khan University Mardan, Pakistan

Abstract

Studies show that SMEs survival rate at the early stage of their start-up is very low as compared to bigger firms. This is particularly more prominent in developing countries and is also a huge problem for Pakistani SMEs, where the business environment is very unstable and hard to compete. This study examined using the Resource Based View (RBV) of firms, the effect of market orientation for the improvement in SMEs performance and achievement of sustainable growth (SG). We have taken Access to External Finance (AEF) as a moderator in the proposed relationship. The focus of the study was Manufacturing SMEs of KPK, Pakistan. A questionnaire was developed using the Likert Scale for the collection of data. The Partial Least Square Analysis (PLS-SEM) is used to examine the research model as it is most appropriate for the sample size. The response rate for the questionnaire was 33 percent

including face to face interviews. The findings from 78 filled questionnaires from owners and managers from these firms are presented. The results show that Market Orientation (MO) is significantly positively associated to Sustainable growth of SMEs, which is consistent with previous research. Access to Finance also impacts positively the Sustainable growth variable. Further, it is revealed that Access to Finance moderates the link between Market Orientation and Sustainable Growth for SMEs.

Keywords: Market Orientation, Sustainable Growth, Access to external Finance, Small and medium enterprises

1. Introduction

The important contribution of SMEs for the success of any economy of the world cannot be over emphasized. It is a well-accepted fact in the business world that the growth of SMEs contribute towards the economy in terms of jobs creation, wealth generation and a positive effect on innovativeness for firms (Carter and Jones-Evans, 2006). SMEs play a role in the provision of employment, increase the export earnings, enhance the raw materials supply, increase the per capita income, and have a positive effect on the capacity utilization in important industries in an economy (SMEDAN 2012), as cited in Aminu and Shariff (2014).

The contribution of SMEs individually can be small but collectively their importance is overwhelming (Lawrence, Collins, Pavlovich, & Arunachalam, 2006). SMEs constitute the most vital part and are also the largest contributor towards the global economy (Khan & Khalique, 2014). Because they play such an important role in the development of a country, they are the focus of policy makers in both developed and developing countries. In developing countries like, Pakistan, the productivity and development of SMEs have a big impact on the economic development and total output (Khan and Khalique, 2014). According to Pakistan Business Survey 2011, Out of the 3.2 million businesses in Pakistan as of 2005, there are 90% SMEs, which provide employment to nearly 78% of the labor force not associated with agriculture sector. It also provides 30% to the total Gross Domestic Product (GDP), while also has a share of 25% of the total manufactured goods exported and 35% of total manufacturing value-added (Dar, Ahmed, and Raziq, 2017).

Unlike the bigger firms, smaller firms face the problem of survival at the early stage of their startup, with a high proportion of collapse within first few years. Past data revealed that a large number of SMEs went out of the business especially inside five years from their beginning (Zimmerer, Scarborough and Wilson, 2008; Hodgetts and Kuratko, 2004) as cited in Khalique(2011).An overwhelming majority of 80% to 90% of SMEs from the developed world, like USA, Australia and UK collapsed within first 5 to 10 years' time (Zimmerer et al.2008; Hodgetts and Kuratko, 2004; Ahmad and Seet, 2009).In case of Pakistan, this rate of SMEs collapse is 90% to 95% at early stages of

their beginning. The reasons behind the low survival rate are certain factors facing SMEs worldwide.

To pursue sustainable growth (SG) for SMEs, focusing on a single factor is not enough, but rather multiple factors should be combined, like, company strategy, structures and processes (Normann, 2001). According to Barney, (1991), Hoq and Chauhan, (2011), strategic orientation (SO) works as resources in firm which can enhance their performance and success. For a firm the role of strategy is central in working out solution to a problem, creating competencies and enhancing performance (Sarker and Palit, 2015). For a strategy to succeed an organization must accumulate its expertise, resources and competencies in accordance with its internal and external environment to gain a competitive advantage on a sustainable basis and achieve enhanced business efficiency (Obeidat, 2016). Today, there are increasing number of studies employing various strategic orientations, like, entrepreneurial orientation, technology orientation, productivity orientation, quality orientation and innovation orientation (Voss and Voss, 2000).

MO is defined by Narver and Slater (1990) as focusing on increasing customer value and maintaining it through employee development and use of market information. Narver and Slater (1990) further divided the concept of market orientation into three constructs, namely, 1) Customer Orientation (CO); concerned with information gathering about customers wants and needs, 2) Competitor Orientation (CO); concerned with information gathering regarding competitors, including their strengths and weaknesses and the way they fulfill their customer needs and wants, and, 3) Interfunctional Coordination; concerned with utilization of firm resources to create higher value for the customers. These activities are carried for an in-depth search of market information and analysis and then a coordinated action by various firm departments under this information to achieve a competitive advantage (Day 1994).

In comparison to large enterprises, where resources, either financial or non-financial are abundant, SMEs lack access to finance which in turn affect their performance negatively (Mahmood & Rosli, 2013; Rupeika-Apoga, 2014; Torre, Peria and Schmukler, 2010). Various studies like, Demir and Caglayan and Dahi (2012) and Wiklund and Shepherd (2005) argue that it is the existence and generation of internal and external finances that results in improved performance of SMEs. Similarly, Akingunola (2011) asserts in his research that there is a positive relationship between SMEs' access to finance and their growth, which is supported by evidence. Furthermore, Chen and Chen (2011) contend that a firm's strategies influence the availability of financial capital, which in turn affects the firm's ability to grow.

There is very little research conducted in SMEs sector of Pakistan. The performance of SMEs in Pakistan is affected negatively by deficiencies in intellectual capital, poor infrastructure, low availability of energy sources and political instability (Khan and Khalique, 2014). With the lower competencies available to SMEs, they are not able to

compete well at national and international level. According to Ali, Azam, Naveed and Abid(2020), among the challenges Pakistani SMEs faces today are, the difficulties associated with access to finance, inability to use latest technology and the lack of training especially in the field of information technology. The main reasons for the low growth of SMEs in Pakistan are the insufficient access to financial services and the non-flexibility related to government taxation system (Shah, Mehmood, Hashmi, Shah, and Shaikh, 2011).

Keeping in view these two major factors(Market Orientation, Access to Finance) affecting SMEs performance, our research focuses on achievement of sustainable growth through employing a market driven strategy and the moderating effect of access to finance in this relationship.

2. Literature Review

2.1. SG of SMEs

Sustainable growth of firm is a term used to measure both, profit achieved on long-term basis and competitiveness gained for long-run (Huang, Ying, Yang and Hassan, 2019). SG rate was first conceptualized by Higgins, which he thought is a maximum rate of growth in sales a firm can achieve using its financial resources but not exhausting those (Huang et al., 2019).

For businesses, the uncertain environment has added the difficulty of achieving a SG through competitive advantage and improved performance.

For this study, Business Performance and Organizational Effectiveness are the parameters to measure SG of SMEs.

2.1.1. Business Performance

Business performance includes and measured by the financial and non-financial aspects (Neely, 1999).

For our study, to measure the financial performance, sales growth rate, return rate and cash flow will be used.

To assess the non-financial constructs, market share, company image, customer growth and brand awareness are utilized as tools for the measurement.

Subjective evaluation is used for the measurement of these performance indicators using the previous studies (Venkatraman and Ramanujam, 1986; Dess and Robinson, 1984).

2.1.2. Organizational Effectiveness

According to Robinson, Savage& Campbell (2003), the extent to which a firm accomplishes its objectives and goals is referred to organizational effectiveness.

On the basis of previous studies, creativity and work performance are given as constructs for organizational effectiveness in our research.

The ability of a company to articulate new and innovative ideas, products, processes, and services is referred to as creativity (Yoo, Choo and Lee, 2018). Work performance, on the other hand, refers to the extent to which an organisation is successful in completing its targets and tasks, according to the same study.

2.2. Strategic Orientation and sustainable growth of Firms

A strategic orientation shows the adoption of strategic paths or directions by the management of the firm to formulate a specific culture or behaviors for the purpose of achieving consistent superior performance (Narver and Slater, 1990). Strategic orientation is related to organizational culture and is used to achieve the organizational goals through its focus on its available resources (Grawe, Chen, and Daugherty, 2009). Strategic orientation is reflected in the way a firm carries out its operational activities, marketing and entrepreneurial aspects of firms (Obeidat, 2016).

Strategic orientation works as a resource for the firm and it is capable of improving the performance of SMEs (Barney, 1991; Hoq and Chauhan, 2011). According to Sinkovics and Roath (2004), a firm strategy not only affects the way it carries out its operations, but also affect its success in the long run.

Previous studies investigated the effects of either a single orientation on performance or a combination of orientations on performance (Ledwith & Dwyer, 2009).

For firms the source of sustainable competitive advantage lies in the application of multiple strategic orientations, as evident from the studies conducted recently (Hult, Hurley and Knight, 2004), and to achieve superior performance organizations have to balance these various strategic orientations (Bhuyan, Menguc and Bell, 2005; Noble, Sinha and Kumar, 2002).

According to Keskin (2006), in developing countries firms the important role of strategic orientation cannot be over emphasized. The application of strategic orientation works towards the success of firms in less developed world (Dharmasiri, 2009). While Chandrakumara, (2011), argue the importance of studies in less developed countries context enquiring the relationship of multiple strategic orientations and performance.

In the majority of studies, it was discovered that three types of strategic orientation exist: MO, learning orientation, and entrepreneurial orientation, and that their impact on firm performance was assessed (Graw et al., 2009; Reulink, 2012; Grinstein, 2008; Paladino, 2007).

2.2.2. Market Orientation and Firm Performance

Market Orientation (MO) is an internal to the organization aspect which is concerned with, 1) generation of market information, 2) disseminating of this data inside the organization and 3) responding in light of this information (Kohli and Jaworski, 1990). The elements of MO for our study include, 1) Customer Orientation, 2) Competitor Orientation, and 3) Interfunctional Coordination.

Evidence from literature shows that for market-driven companies, firm performance and perception of management of the success of new product are highly affected by the Strategic Orientation adopted (Narver and Slater, 1990). Various researchers and scholars argue that MO helps firms in generating market know how, improved level of performance and the achievement of competitive advantage (Ellis, 2006; Kirca, Jayachandran and Bearden, 2005). There is a huge literature arguing in favor of a positive relationship between MO and firm performance (Sarker and Palit, 2015). Market performance of a firm gets improved as it increases its level of MO (Levitt, 1960; Webster, 1988). According to Jaworski and Kohli (1993), firms that pursue a market-oriented strategy are in a position to achieve best firm performance because they involve themselves in looking after customer needs and preferences and focusing their efforts on customer satisfaction. Yet in another study by Lin, Peng and Kao(2008), looking for the relationship of MO on firm innovativeness and performance, revealed that a positive relationship exists between these variables. In a Study conducted by Mokhtar, Yusoff and Arshad(2009) whom took data from 158 firms from manufacturing sector in Malaysia looking for the elements of MO that results in success of these firms. It was revealed that five elements of MO are critical for success, namely, i) Market Planning, ii) Market Focus iii) Market Action iv) Market Feed back, and v)Market Coordination. The study also showed that it was “Market Planning” and “Market Action” which were positively related to financial performance of these firms. In another study by Fritz (1996), argued that MO practices are strong predictors of corporate management success. In yet another study of Tzokas, Carter and Kyriazopoulos (2001), it was identified that MO is positively linked to organizational competencies of SMEs. The research of Aziz and Yassin(2010) on small agro-food firms in Malaysia, to check the impact of MO on sustainable competitive advantage and superior performance, resulted in a positive relationship between these variables. Further, in studies in USA context, MO was found to be affecting SMEs profitability with a mediating role of innovation success (Baker and Sinkula, 2009; Atuahene-Gima, Slater and Olson and Hult, 2005).

There are also some studies showing no relationship or a weak one between the firm performance and MO practices, like, Greenley(1995) and Hooley, Lynch and Shepherd(1990).

We can assume from the above discussion that,

Hypothesis 1. MO has a significant and positive association with SG of SMEs.

2.3 Access to External Finance (AEF) and Firm Performance

Access to External Finance (AEF) is the extent to which a firm has the availability to utilize the financial capital and the related credit or financial services to it (Kelley, Singer, and Herrington, 2012). According to Bouri, Breij, Diop, Kempner, Klinger and Stevenson (2011), AEF is considered as the existence of financial capital or resources for SMEs (in the form of equity, debt or internal funds). While, Mazanai and Fatoki (2012)

are of the view that it is the supply of financial capital in comparison to the demand for financial resources that determines the AEF for firms. The term AEF, according to Ganbold (2008), is the availability of finances and related services to a firm; the degree of ease of obtaining it and with low cost. From a wider perspective, it is considered as the ease with which financial capital can be obtained without experiencing any financial and non-financial hurdles (Aminu and Shariff, 2015).

The very survival of a business depends on its AEF or capital. For SMEs, one of the major reason for their below average performance is the lack of capital (Xavier, Kelley, Kew, Herrington and Vorderwülbecke, 2013), as cited in, Aminu and Shariff (2014). It is indicated from various studies (Zampetakis,2011),as cited in Aminu and Shariff (2015), that AEF acts as major tool that drives smaller firms performance. Similar argument was put forward by Mazanai and Fatoki (2012), as to the positive relationship between SMEs performance and their access to capital finance. In a study conducted by Batra, Kaufmann and Stone (2003), it is revealed that growth and development of firms depends on their AEF. According to them, it is due to the better AEF that result in developing new markets, high innovation performance, risk reduction, growth in business and more entrepreneurially oriented activities for firms.

According to UNIDO (2007), AEF is the most serious constraint facing SMEs in developing economies today. The reasons behind the reluctance of financial institutions to extend credit to SMEs are the uncertainties related to these firms operations (Dobbs & Hamilton, 2007). In another study by Beck & Demirguc-Kunt (2006) on SMEs, it is revealed that lack of sufficient finance may be the major hurdle in achieving high growth and high performance. So, it is the lack of AEF that acts as a main hurdle in achieving higher performance as indicated by the SMEs responses (Bouri et al., 2011).

In Pakistan, many SMEs are categorized as Micro because they employ not more than 50 employees and this is because they did not expand their businesses over time. The reason for this is the SMEs insufficient AEF and the lack of such institutions providing credit to these firms (Bano, 2008). There are micro finance institutions in the country (Pakistan) to provide loans to SMEs, but, 1) the interest rates they charge, and 2) the requirements to qualify for loans, never suits these firms(Ali, Azam, Naveed and Abid, 2020). In Pakistani context, it is the higher cost of credit, higher security requirements to secure a loan and the inadequacy of credit provision, which are the important factors responsible for poor AEF (Jamali, Anka, and Khooharo, 2010). Similarly, Naqvi(2011) argue that due to higher risk associated with SMEs in Pakistan, the financial institutions charge higher rates of interest to them.

From the above arguments, we can hypothesize that,

Hypothesis.2. AEF is positively related to SG of SMEs.

Hypothesis.3. AEF will moderate the relationship between MO and SG of SMEs.

Conceptual Framework

Our research framework consists of the construct of MO, which represent the firm valuable resource and is the independent variable in the framework. AEF is taken as a moderating variable here, and SG is our dependent variable.

The Resource Based View (RBV) of the firm is related to how companies achieve competitive advantage by using its valuable and unique assets or resources (Wernerfelt, 1984; Barney, 1986; Barney, 1991; Peteraf, 1993). RBV theory has two assumptions as according to Barney (1991). The first assumption rests on Penrose (1959) study, where he considers firms as combination of productive resources and each of these firms have diverse bundle of resources. This is also called the resource heterogeneity assumption of firm. The second assumption of RBV is the resource immobility. This considers that some of the resources possessed by the firm are difficult to copy as the high cost involved in copying them and or inelastic in supply, this is based on Selznick(1957) and Ricardo(1966) works.

The theme of the RBV is that diverse type of resources which are hard to acquire, have no substitute or alternatives and difficult to copy by competitors' works as a sustainable competitive advantage and results in above average performance for firms (Ferreira, Azevedo and Ortiz, 2011).

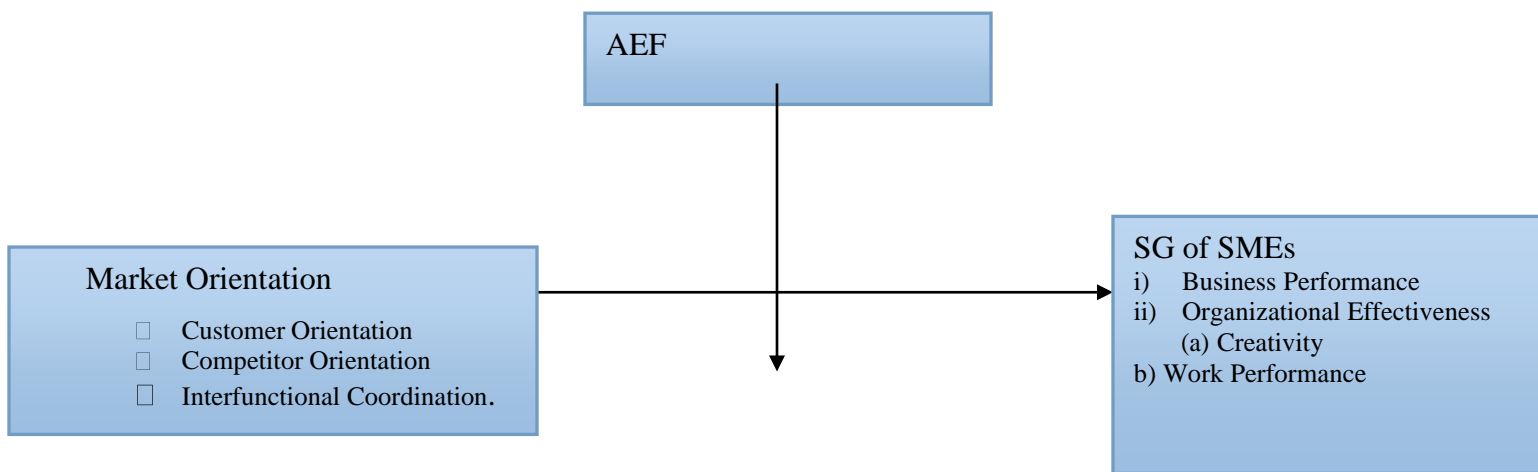
Resources may be either tangible or intangible. Capital, access to capital and location of a firm are the examples of tangible resources. Examples of intangible resources are management skills, their knowledge, firm reputation, entrepreneurial orientation etc (Runyan, Huddleston and Swinney, 2006, pp. 455-477), as cited in (Ferreira, Azevedo and Ortiz, 2010). It is evident from the available literature that, to gain competitive advantage, the role of MO is central and very positive as it creates behaviors vital to achieve such firm performance(Alam, 2010, Li, Zhao, Tan, & Liu, 2008; Mahmoud and Yusif, 2012). Similarly, previous literature suggests that learning orientation is perceived to be positively influencing performance of firms, as it got the potential to produce new knowledge or ideas that can make or alter the behaviors necessary to achieve such a position(Hakala, 2013; Laukkanen, 2013). Similar argument can be forwarded for technology orientation, as the studies indicate that it can be a source of competitive advantage (Hakala, 2011; Hoq, 2009; Spanjol, Qualls, and Rosa, 2011).

Also using the Resource Based View (RBV) the literature examines the effect of AEF on the smaller firms performance (Foneska, Yang, and Tian, 2013; Chen, Zou, and Wang, 2009). It is the level of strategic orientation of firms that determine their access to financing (Foneska et al., 2013). From this discussion it is evident that, the financing available to a firm depends on how successful firm strategies are in terms of enhancing sales and incomes (Aminu and Shariff, 2014). Ghimire and Abo (2013) and Pandula (2011) argue that poor strategic orientation pursued by a firm is bound to affect its access to capital and therefore its overall performance. Firms which are strong on strategic

orientation can easily pay their credits or loans and as such have better AEF (Aminu and Shariff, 2014).

It is evident from the literature we have, that firms developing competencies in strategic orientations can have better AEF both internally and externally. As such, the better AEF with these variables of strategy driven characteristics, results in enhanced performance for SMEs, as shown in the framework/model. We have incorporated four strategic orientations, the most important in SMEs perspective, in our framework, as independent variables, to SG as dependent variable. The role of AEF is included as a moderator in the proposed model. The framework is presented in figure below. It is proposed in the framework that AEF acts as a moderator in the relationship between strategy driven variables, such as entrepreneurial orientation, MO, learning orientation, technological orientation, and the long-term viability of SMEs.

Framework/Model



Research Methodology

Research Design

For our research we used Smart-PLS to study the relationship put forward by the model/framework and for testing the hypotheses. Primary data was used for the research. A questionnaire was developed for the field study to collect the data and for the analysis. The questionnaire used the Likert-scale for data collection, ranging from 1(Never) to 5(Always), 1(Not at all) to 5(Extremely), 1(Strongly Disagree) to 5(Strongly Agree), 1(Not at all Important) to 5(Very Important). Previous research studies were used to take various constructs for our research. These constructs provided useful tools for gathering of data and its measurement because their validity and reliability were already been verified in prior studies.

MO and its constructs were adopted from Kohli, Jaworski and Kumar(1993). Dess and Robinson (1984), was used for Financial Performance. For Non-Financial Performance, Kaplan and Norton (2001) were employed. The constructs of Organizational Effectiveness were derived from Bharadwaj and Menon (2000). The constructs of AEF were adopted from Wang (2016).

Research Methods

The primary goal of this research is to look at the moderating impact of AEF in the link between MO and SMEs' SG in Pakistan. Organization is a unit of analysis. The manufacturing SMEs of Khyber Pakhtunkhwa were the study's target population (KP). Through a survey approach utilizing systematic sampling, primary data was obtained from 78 SMEs in KP. The data was collected using a closed-ended questionnaire. And the response rate was 33%. For the analysis, PLS-SEM version 3.3 was utilized. The research framework was examined using partial least-squares analysis (PLS-SEM), which is appropriate for the sample size (Hair, Sarstedt, Matthews & Ringle,2016). In addition, the relevance of the constructs' factor loadings in the measurement and structural models was investigated using a bootstrapping analysis. The respondent's degree of agreement or disagreement on each question was measured using a 5-point Likert scale ranging from 1 to 5, with 1 being "strongly disagree" and 5 being "strongly agree."

Results and Discussion

Cronbach's alpha and Rho were used to assess the instrument's reliability. After verifying reliability, convergent validity was assessed, which refers to the assessment of comparable constructs that are related and interconnected (Sarstedt, Ringle,Henseler,& Hair,2014). The average variance extracted (AVE) value was used to determine convergent validity, and all of the results were within acceptable limits (Table 1). Following that, internal consistency must be ensured. Internal consistency is measured using Composite Reliability (CR). Because dependability ranges from 0 to 1, the computed value should not be less than 0.60 (Henseler, Ringle, & Sarstedt,2015). Although values more than 0.70 are preferred; nevertheless, all values in this study are greater than 0.9, as shown in table 1.

Variables	Cronbach Alpha	Rho	CR	AVE
MO (MO)	0.902	0.939	0.938	0.833
AEF (ATF)	0.711	0.739	0.835	0.628
SG of SMEs (SUSGS)	0.917	0.932	0.941	0.800

Table 1. Reliability and Validity

Construct	Item Code	Loadings	Outer weight
	MO		
	MO1	0.929	0.372
	MO2	0.881	0.289
	MO3	0.927	0.431
AEF			
	AF1	0.808	0.383
	AF2	0.736	0.342
	AF3	0.832	0.523
SG of SMEs			
	CR	0.905	0.326
	FP	0.914	0.271
	NFP	0.862	0.199
	WP	0.894	0.318

Table 2: Outer loadings and weight

The tolerance value and Variance Inflation Factor were utilised in this study to determine whether or not there was a multicollinearity issue among the variables (VIF). All of the numbers fall within the acceptable 3-5 range (Hair et al., 2014).

The first stage in the PLS-SEM analysis is to create a measurement model (outer model). This model is concerned with the assessment of how things load conceptually and are related to factors. Above 0.6, the model loadings are in the permissible range (Hair et al 2014).

It is important to confirm that the items of a variable are measuring the variable that the item is meant to measure rather than measuring any other variable after selecting the items with factor loading over 0.7. The capacity to measure only one variable is referred to as discriminant validity (Voorhees et al., 2016). With an AVE of 0.5 or above, discriminant validity was validated using Fornell & Larcker's (1981) criterion. The AVE's square root should thus be greater than the correlations between the latent variables.

Table 3. Discriminant validity (Unobserved variable correlation Sq. root AVE)

	ATF	MO	SUSGS
ATF	0.739		
MO	0.559	0.913	
SUSGS	0.460	0.303	0.894

To address this problem, the Heterotrait-Monotrait (HTMT) ratio was developed to estimate the correlation between components (Henseler et al., 2014). It may be used as a practical criterion by comparing it to a pre-determined threshold, with HTMT values greater than the threshold indicating a lack of discriminant validity for the latent variables under consideration. The precise pre-determined threshold is disputed, with some researchers recommending a figure of 0.85 and others opting for 0.90. (Henseler et al., 2014). The HTMT ratio of the variables in this investigation is shown in Table 4.

	ATF	MO	SUSGS
ATF			
MO	0.629		
SUSGS	0.448	0.31	

Table 4.HTMT (heterotrait-monotrait ratio)

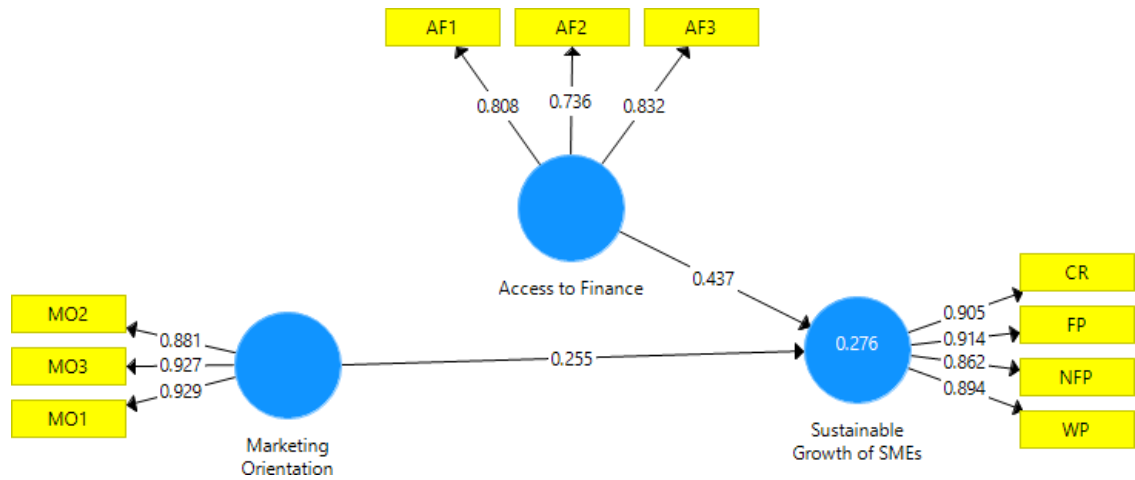


Fig.2. Measurement Model

PLS-SEM bootstrapping was calculated with the aid of Smart PLS3.3 to determine the significance of connections. Figure 3 depicts the results of PLS-SEM direct connections.



Fig.3. Direct relationship path coefficient and T value

The beta values of the interaction term are presented in figure 4 after the inclusion of the interaction term. When a factor AEF is included as a moderator, the moderation model shown in figure 4 evaluates if the prediction of SG of SMEs from MO may be influenced.

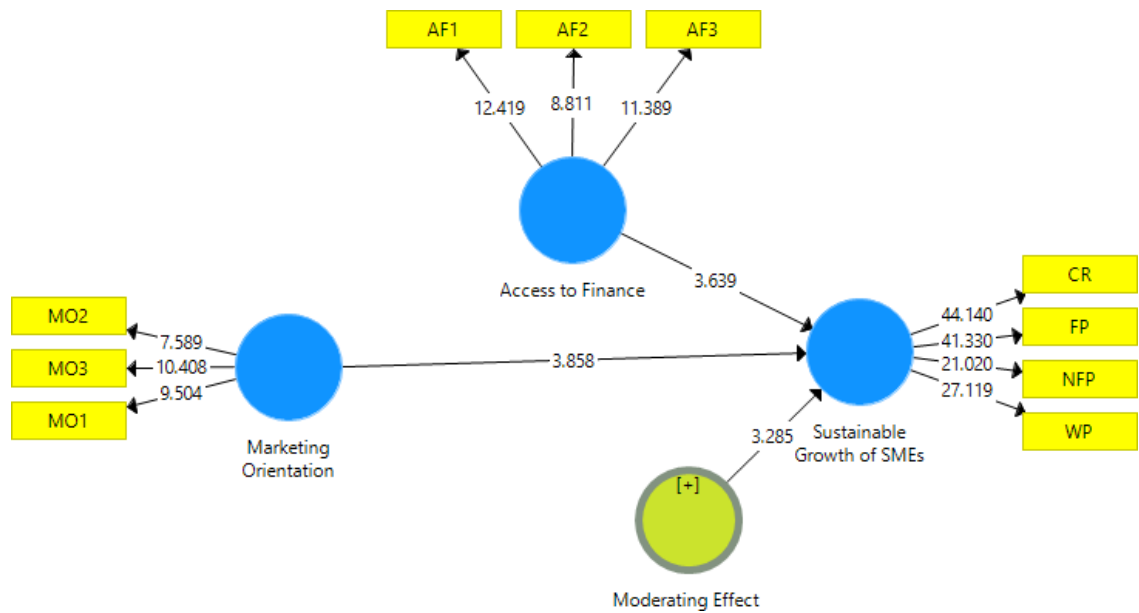


Fig 4. Path coefficient and T- statistics

Hypothesis	Relationships	Beta	Mean	(STDEV)	t- Value	P value	Decision
Direct Relationship							
H1	MO → SUSGS	0.304	0.339	0.135	2.257	0.024	Accept
H2	ATF → SUSGS	0.308	0.332	0.085	3.639	0.000	Accept
Indirect Relationship (Moderator)							
H3	SUSGS-MO SUSGS	0.401	0.388	0.122	3.285	0.001	Accept

Table 5. Direct and indirect relationship

As shown in table 5, there is a significant positive association between MO (Beta = 0.304; t=2.257; p=0.024) and SMEs' SG, implying that the first hypothesis is supported. The substantial conclusion on the link between MO and SMEs' SG is consistent with previous research. Similarly, Table 5 reveals that AEF(ATF) (Beta =0.308; t=3.639;

$p=0.000$) has a significant association with SMEs' SG. As a result, the second theory concerning these connections is adopted. The moderating impact of ATF was shown to be significant (Beta = 0.401; $t=3.285$; $p=0.001$) in the link between MO and SMEs' long-term growth. The findings of this study revealed that AEF moderate the connect between MO and SMEs' SG.

CONCLUSION

The assumption of Resource Based Value Theory served as the foundation for the development of this study's theoretical framework. The findings revealed that MO is a significant driver of SMEs' ability to thrive and grow in a sustainable manner. Foreign markets place a great value on quality, and it is critical to be market-oriented in order to fulfill their needs. As a result, the study's findings supporting MO are consistent with reality. Similarly, the study's findings indicated that a moderating effect is played by AEF. Pakistan's environment is extremely dynamic and often difficult. The dynamic and difficult business climate in Pakistan is a key factor in SMEs' unstable performance. The findings of this study will aid managers and policymakers in developing and implementing strategies to help SMEs thrive and flourish in a sustainable manner. This study has several drawbacks, which were attempted to be addressed by using a moderating variable to account for factors impacting SMEs development; however, this may be further separated into multiple components. As a result, future researchers are encouraged to include many elements of factors impacting SMEs' growth in their research so that policymakers may receive appropriate guidance.

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Appendix:

	VIF
AF1	1.87
AF2	2.284
AF3	2.324
FP	3.588
MO1	3.339
MO2	2.682
MO3	2.733
NFP	2.715
CR	2.382
WP	2.966